

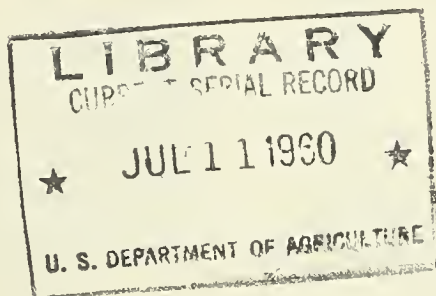
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LIVESTOCK AND MEATS
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URUGUAY STEPPING UP MEAT EXPORTS

Uruguay has stepped up its meat exports considerably this year, after a several-year stretch of low level shipments.

During the first quarter of 1960, meat exports rose to 38 million pounds--64 percent above the same period in 1959. Exports of chilled beef increased sharply to 17 million pounds--more than 3 times the 5 million pounds shipped during the same period in 1959. Frozen beef exports also showed good gains. Canned beef exports stayed approximately level, but shipments of preserved beef and frozen mutton and lamb dropped sharply.

Table 1.--MEAT AND MEAT PRODUCTS: Exports, average 1951-55, annual 1955-59, and January-March 1959-1960

Commodity	Average 1951-55	1955	1956	1957	1958	1959	January-March 1959 : 1960	
	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds
Beef and veal:								
Frozen.....	86.5	11.6	50.1	47.2	35.5	37.0	11.3	16.8
Chilled.....	(1/)	(1/)	(1/)	12.6	2.3	13.0	4.7	17.2
Canned 2/.....	33.6	18.4	31.2	64.1	12.2	18.6	3.7	3.9
Preserved.....	2.4	---	0.5	0.5	0.5	4.8	1.4	---
Total.....	122.5	30.0	81.8	124.4	50.5	73.4	21.1	37.9
Mutton and lamb:								
Frozen.....	13.5	1.6	15.2	7.9	4.9	3.2	2.1	.1
Pork.....	0.2	---	---	---	---	---	---	---
Total meat and meat products:	136.2	31.6	97.0	132.3	55.4	76.6	23.2	38.0

1/ If any, included in frozen beef. 2/ Includes small quantity of canned mutton and lamb.

Table 2.--MEAT: Exports by type and country of destination,
annual 1958 and 1959

Commodity exported and country of destination	1958	1959		Commodity exported and country of destination	1958	1959
Beef and veal:	1,000	1,000			1,000	1,000
Frozen:	pounds	pounds		Canned 2/:	pounds	pounds
Germany, West.....	2,291	14,877		United States 3/.....	5,215	11,585
Spain.....	19,446	6,182		United Kingdom.....	3,111	4,500
Czechoslovakia.....	1,616	4,486		Philippines.....	1,336	1,077
Belgium.....	900	3,172		Other countries.....	2,485	1,427
United Kingdom.....	703	2,341		Total.....	12,147	18,589
Italy.....	3,641	1,903		Preserved:		
Finland.....	---	1,859		United States.....	547	4,760
Netherlands.....	131	1,045		Mutton and lamb, frozen:		
Greece.....	3,202	608		Greece.....	2,337	1,631
France 1/.....	3,544	320		Czechoslovakia.....	---	972
Other countries.....	---	253		United Kingdom.....	2,288	602
Total.....	35,474	37,046		Germany, West.....	292	---
Chilled:				Other countries.....	21	---
United Kingdom.....	2,304	13,016		Total.....	4,938	3,205

1/ Includes Algeria. 2/ Includes small amounts of canned mutton and lamb.

3/ Includes possessions and territories.

During 1959, West Germany was Uruguay's best customer for frozen beef, taking about 15 million pounds. Spain, Czechoslovakia, Belgium, the United Kingdom, and Italy were other important export markets. All chilled beef exports went to the United Kingdom.

The United States took over 11 million pounds, or 62 percent of total Uruguayan shipments of canned beef and continued to be the largest buyer. The United Kingdom and the Philippines are other important markets. All of Uruguay's exports of preserved (salted) meat went to the United States last year. However, a finding by the U.S. Department of Agriculture that preserved beef of the type imported from Uruguay could carry foot-and-mouth disease organisms caused the United States to embargo such shipments in May 1959. Consequently, there has been no further trade in this commodity.

Greece was the largest market for frozen mutton and lamb shipments last year, taking about 1.6 million pounds, or 51 percent of total exports. Czechoslovakia and the United Kingdom took the remainder of the 3.2 million pounds shipped in 1959.

Total shipments of meat from Uruguay in 1960 will probably be the highest in recent years, with the bulk of exports taking place during the first half of the year.

Exports of hides and skins, another important earner of foreign exchange for Uruguay, rose slightly during the first quarter of 1960; a rapid increase in shipments of sheep skins offset lower cattle hide exports. France and West Germany are the two most important Free World markets for Uruguayan

Table 3.--HIDES AND SKINS: Exports, average 1951-55, annual 1951-55, and January-March 1959-1960

Commodity	Average 1951-55	1955	1956	1957	1958	1959	January-March 1959 1960	
	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds
Cattle and calf:								
Dried.....	3.5	2.5	7.1	3.6	3.4	6.0	1.5	1.8
Salted.....	42.0	29.0	28.9	35.8	24.8	22.1	7.0	3.9
Total cattle and calf...	45.5	31.5	36.0	39.4	28.2	28.1	8.5	5.7
Sheep.....	21.2	10.6	34.0	12.5	13.7	13.1	4.7	9.0
Total hides and skins..	66.7	42.1	70.0	51.9	41.9	41.2	13.2	14.7

Table 4.--HIDES AND SKINS: Exports by country of destination, January-March 1960

Country	Sheep skins	Cattle hides		Calf skins		Total
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
France.....	7,099	---	---	---	---	7,099
Germany, West.....	679	556	432	15	---	1,682
Yugoslavia.....	18	483	112	---	---	613
Italy.....	179	---	201	---	130	510
Sweden.....	24	390	---	---	---	414
Belgium.....	280	---	112	---	---	392
Netherlands.....	51	291	33	---	---	375
Other countries.....	332	121	772	---	---	1,225
Total free world.....	8,662	1,841	1,662	15	130	12,310
Poland.....	---	1,155	---	---	---	1,155
Czechoslovakia.....	267	507	---	---	---	774
Germany, East.....	---	395	---	---	---	395
Hungary.....	33	---	---	---	---	33
Total communist bloc.	300	2,057	---	---	---	2,357
Total world.....	8,962	3,898	1,662	15	130	14,667

hides and skins, while Poland and Czechoslovakia account for most of the shipments to the Communist Bloc. Exports of Uruguayan hides and skins during the remainder of 1960 will probably be substantially higher than during the first half of the year. Stocks are now relatively large and production has been heavy.

The sudden rise in meat exports was stimulated by the removal of restrictive controls on exports during 1959. Previously, exporters had to sell foreign exchange earnings at an artificially low rate of 4.11 Uruguayan pesos to the dollar and therefore received only a relatively small proportion of the actual value of shipments. In mid-1959, new exchange regulations allowed exporters to convert 42 percent of their foreign exchange earnings at the "free" rate of approximately 6.78 pesos per dollar. This increased the peso earnings of exporters and helped encourage foreign trade.

Further depreciation of the free Uruguayan peso, which fell to more than 11 pesos per dollar by the end of the year, again increased peso returns to exporters. In December 1959, a new law provided that all foreign exchange could be converted at the free market rate. This further boosted returns to shippers. Exports rose rapidly.

Currently, all categories of meat are taxed at 5 percent of the f.o.b. value. Export taxes on hides and skins are considerably higher 1/. This is one of the reasons why exports of the latter did not rise as sharply as did meat exports in early 1960. In addition, a time lag between the announcement of the new law and the setting of hide export taxes caused considerable uncertainty as to the eventual tax. During this period, exporters hesitated to make shipments since it was not possible to determine the amount of tax which would be paid to the government.

Table 5.--LIVESTOCK: Numbers on farms in May, average 1951-55, annual 1955-59

Type	: Average : : 1951-55 :	: 1955 : :	: 1956 : :	: 1957 : :	: 1958 : :	: 1959 : :
	: 1,000 : : <u>head</u> :	: 1,000 : : <u>head</u> :	: 1,000 : : <u>head</u> :	: 1,000 : : <u>head</u> :	: 1,000 : : <u>head</u> :	: 1,000 : : <u>head</u> :
Cattle and calves.	: 7,980 :	: 7,700 :	: 7,433 :	: 7,350 :	: 7,430 :	: 7,502 :
Sheep and lambs...	: 24,800 :	: 24,492 :	: 23,303 :	: 25,500 :	: 23,200 :	: 21,350 :
Hogs.....	: 390 :	: 500 :	: 381 :	: 387 :	: 395 :	: 400 :
Horses.....	: 620 :	: 570 :	: 557 :	: 540 :	: 518 :	: 512 :
Goats.....	: 16 :	: 14 :	: 14 :	: 12 :	: 12 :	: 11 :

Uruguayan livestock numbers in 1959 were still relatively low, although cattle and calf numbers had recovered somewhat from the unusually low level of 1957.

1/ See Appendix.

Table 6 .--LIVESTOCK: Slaughter, average 1951-55, annual 1955-59

Type	Average 1951-55	1955	1956	1957	1958	1959
	1,000	1,000	1,000	1,000	1,000	1,000
	<u>head</u>	<u>head</u>	<u>head</u>	<u>head</u>	<u>head</u>	<u>head</u>
Cattle.....	(1/)	954	1,058	965	976	1,055
Calves.....	(1/)	198	165	81	85	90
Total cattle and calves	1,393	1,152	1,223	1,016	1,064	1,145
Sheep and lambs.....	3,496	3,818	3,748	3,013	2,948	2,767
Hogs.....	236	266	239	233	262	275

1/ Not available.

In recent years, prices received by Uruguayan livestock producers have been exceptionally depressed. Discouraged by the unfavorable livestock markets, ranchers have tended to shift over whenever possible to the production of government-supported wheat and other grains. Recently, however, Uruguayan livestock prices have risen sharply in response to increased foreign demand. The average price received for "special" steers at the Montevideo market in 1959 was a record high, equivalent to \$6.10 per 100 pounds, or 135 percent above a year earlier. Prices of other livestock have risen proportionately.

The increased demand for meat animals is the result not only of the revisions made in the Uruguayan foreign trade law, but also of the resolution of political and labor problems which had previously beset the export meat-packing industry. Although one of the 5 major export packing houses is still not operating, the remaining 4 plants are now slaughtering at capacity.

Demand for Uruguay's exportable beef was sharply increased during March and April 1960 when a strike in Argentina halted meat exports from that country. Refrigerated ships which had intended to load in Argentina were forced to find cargoes in Uruguay. The price of imported beef in the United Kingdom--the major market for Uruguay's exports--rose sharply during the period of the Argentine strike, thus making exports from Uruguay even more profitable. As the Argentine strike was settled in mid-April, this windfall to the Uruguayan meat-packing industry was relatively short-lived.

Another reason for unusually heavy slaughter during the first part of 1960 was a drought throughout most of the southern half of the country. This reduced the carrying capacity of pastures, thus further encouraging farmers to take advantage of the high prices resulting from increased export demand. When pastures improve, livestock slaughter--and consequently exports--can be expected to drop sharply as producers build up herds.

Table 7.--MEAT: Production, average 1951-55, annual 1955-59

Type	Average 1951-55	1955	1956	1957	1958	1959
	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds
Beef and veal.....	650	572	601	484	515	571
Mutton and lamb...	133	147	148	106	110	103
Pork.....	43	47	41	39	45	49
Total.....	826	766	790	629	670	723

Cattle slaughter rose rapidly to 1,145,000 head in 1959, and increased even more sharply during the first part of 1960. January-March slaughter during 1960, at 417,400 head, was 39 percent above the same period a year earlier. Although drought and high prices are the major reasons for the increased slaughter, another factor has contributed to the increase. A large number of cattle previously driven on foot into southern Brazil for slaughter have been diverted to Uruguayan markets and slaughter houses. Although accurate statistics on this trade are not kept, it is thought that Uruguay is now a net importer of cattle from Brazil.

In contrast to the rise in cattle slaughter, sheep slaughter dropped during 1959 and remained low during the first part of 1960. Encouraged by relatively high domestic wool prices and hopeful of further rises, producers have been holding back sheep from slaughter for wool production.

The potential for increased livestock production in Uruguay is large. Production per animal on farms is low. For example, during 1955-59, about 73 pounds of beef and veal were produced per head of cattle on farms. This was about one half of the 159 pounds produced per animal in the United States during the same period, and considerably below the 116 pounds in nearby Argentina.

This low productivity is fundamentally the result of a relatively low level of animal nutrition. This, plus animal diseases, not only slows down the growth rate of Uruguayan cattle, which are usually over 4 years old at slaughter, but also reduces fertility in breeding animals. Heifers are seldom bred under 2 years of age. Exports of cattle on-the-hoof have also reduced Uruguayan meat production.

In an effort to improve this situation, the Uruguayan Government has obtained a loan from the World Bank for development of the country's livestock industry. Emphasis will be placed on the introduction of improved pasture grasses, on modern methods of pasture management, and on new fencing and water points needed to support such a program.

The relatively high prices now being received for livestock by Uruguayan producers have encouraged them to cooperate in carrying out this program. Livestock production should increase sharply within the next 3 or 4 years.

Table 8.--LIVESTOCK PRICES: Selected types at Montevideo and Chicago, annual 1951-59, and by month April 1959-60
(In U.S. currency $\frac{1}{2}$ per 100 pounds, live weight)

Period	Steers		Cows		Lambs		Hogs	
	Montevideo	Chicago	Montevideo	Chicago	Montevideo	Chicago	Montevideo	Chicago
	Special	Standard	Regular	Canner and cutter	All	Bulk of sales	All	All
Annual:	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars
1951.....	5.00	30.97	3.80	20.93	3.40	34.31	17.10	20.12
1952.....	4.80	26.39	3.80	16.82	3.10	26.76	16.80	17.94
1953.....	1.70	18.74	1.30	10.67	1.00	22.46	5.00	21.65
1954.....	2.10	18.32	1.50	9.60	1.60	21.59	5.10	21.32
1955.....	2.10	17.62	1.47	10.00	1.70	20.95	5.40	14.80
1956.....	2.50	16.44	1.69	10.00	1.80	21.12	5.20	14.35
1957.....	2.60	18.82	2.06	12.06	3.10	22.37	6.40	17.89
1958.....	2.60	23.19	2.24	16.54	2.90	22.58	6.70	19.80
1959.....	6.10	24.82	5.43	16.27	8.40	21.32	13.10	14.12
Monthly:								
1959:								
April.....	4.70	25.86	3.90	18.18	---	21.59	12.10	15.77
May.....	5.10	25.66	4.10	17.90	---	22.79	12.50	15.59
June.....	5.40	25.36	4.30	18.45	---	26.30	13.00	14.94
July.....	5.90	24.70	5.10	16.43	---	24.00	11.40	13.02
August.....	6.80	24.57	6.40	16.43	---	23.00	11.80	13.56
September...	7.60	24.57	7.20	15.21	---	21.13	12.70	13.20
October.....	8.80	24.23	7.70	13.81	---	20.52	13.00	12.60
November.....	9.30	23.20	7.00	12.47	---	19.26	13.00	12.19
December.....	9.10	22.26	6.00	13.63	8.40	17.84	13.50	11.19
1960:								
January.....	8.00	22.45	4.90	14.07	7.20	19.90	12.30	12.08
February.....	8.90	22.17	5.80	14.32	7.40	21.05	12.00	13.15
March.....	8.90	22.72	6.10	15.35	7.30	22.35	13.80	15.19
April.....	9.00	22.48	7.10	15.40	---	21.85	15.80	15.68

$\frac{1}{2}$ Converted at current "free" rate.

Official Business

APPENDIX

Export taxes on hides and skins 1/

Category	Pesos	Dollars <u>2/</u>
Salted:		
Cow and steer hides:	<u>Per 100 kgs.</u>	<u>Per 100 lb.</u>
Sounds.....	51.00	2.03
Rejects.....	45.00	1.79
Bull and ox hides:		
Sounds.....	29.50	1.18
Rejects.....	26.50	1.06
Dried:	<u>Per 10 kgs.</u>	
Sheep skins:		
Over 1/2 year's pelt.....	30.00	11.95
1/4 to 1/2 year's pelt.....	27.53	10.96
Under 1/4 year's pelt.....	11.31	4.46
Rejects.....	2.00	.80
Lamb skins.....	66.87	26.63
Cattle hides:		
Sounds.....	25.27	1.28
Rejects.....	16.49	6.57
Slunks.....	64.20	25.57

1/ As of June 1960. 2/ Converted at "free" value.